

July 31, 2018

Judith Judson, Chair
Energy Efficiency Advisory Council (EEAC)
Commissioner, Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Letter of Support for Energy Storage Analysis for Three-Year Energy Efficiency Plans, 2019-2021

Dear Commissioner Judson and EEAC Members:

Thank you for all of your ongoing work to develop and expand the nation-leading energy efficiency programs in Massachusetts. The Northeast Clean Energy Council (NECEC), on behalf of our member companies, writes to express strong support for the recently conducted analysis of energy storage under the three-year plans conducted by the Applied Economics Clinic (AEC) on behalf of Clean Energy Group (CEG).¹ We encourage the Energy Efficiency Advisory Council (EEAC) and Program Administrators (PAs) to embrace the findings of this analysis and allocate significant resources for behind-the-meter energy storage resources in the finalized the 2019-2021 three-year plans. Incentives for customers to install energy storage will help the Commonwealth achieve its ambitious forward-looking energy efficiency goals, while addressing the high cost of peak power and integrating more distributed renewable generation into our portfolio.

NECEC is the lead voice for hundreds of clean energy companies across the Northeast, helping to grow the clean energy economy. NECEC's mission is to create a world-class clean energy hub in the region delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including solar, wind, energy efficiency, energy storage, combined heat and power (CHP), fuel cells, and advanced and "smart" technologies. Our members are already – or are very interested in – doing business in the Commonwealth and helping to grow our clean energy economy. And, as you know, we have previously submitted comments to DOER and the EEAC sharing our support for the robust inclusion of energy storage in the finalized three-year plans.²

Energy storage is a commercially available, viable technology that fits into the Active Demand Management portion of the energy efficiency plans. Thousands of behind-the-meter batteries have been installed in commercial and residential facilities across the country, to reduce electricity bills, shift peak demand, integrate solar, and enhance resiliency.

Now, new analysis has found that energy storage is/will be cost-effective under the Massachusetts benefit-cost screening. A recent analysis by the Applied Economics Clinic shows

¹ *Massachusetts Battery Storage Measures: Benefits and Costs*. July 2018 White Paper. Applied Economics Clinic. Attached to this letter in electronic submission.

² NECEC comments to the EEAC, June 27, 2018.

that, using the Program Administrators' Total Resource Cost (TRC) methodology, battery storage scores 2.9 in the low-income residential category and 3.4 in the commercial category. These benefit-cost ratio scores show that energy storage is cost-effective today, and should be supported in a substantial way in all three EE categories (residential, commercial and low income) in the finalized three-year plans. Additional detail on the methodology and results of this analysis are contained in the attached white paper.

The value proposition for storage in the Three Year Plan is clear. As the state found in the State of Charge report, peak demand hours are disproportionately costly and polluting. Behind-the-meter energy storage can shift peak loads, flatten the demand curve and save money for ratepayers. For customers, battery storage can help to manage demand charges, which can account for more than 50% of a total commercial energy bill. This includes multifamily affordable housing facilities, municipal facilities, and critical facilities like hospitals, all of which are typically on a commercial rate. These customer benefits are incremental to the positive benefit-cost ratios described above, meaning: BTM storage is beneficial to the grid and to ratepayers, but it also has the potential to provide direct streams of savings to customers installing storage onsite.

Currently, Massachusetts has no rebate offerings for behind-the-meter energy storage, outside the one-time grant offerings that have been made. Including a meaningful storage incentive in the finalized three-year plans currently being developed will fill this important gap. Without a storage incentive, Massachusetts ratepayers will have no dedicated support for investments in a technology that can lower their electric bills, enhance resiliency, and improve the efficient operation of the electric grid.

It is important to make distinctions between the SMART program, which has a storage adder, and providing strong incentives for storage in the three-year energy efficiency plans. While it is a good option for some customers, SMART only incentivizes storage co-located with new solar – but many facilities that need storage for cost savings and resiliency cannot install solar. And because SMART only funds new solar systems, it would only support storage installed in concert with new solar – which means there is no opportunity to support storage retrofits to existing solar systems. SMART also does not include a resiliency adder. Given these gaps, it is imperative that the state provide a dedicated storage rebate, as recommended in the State of Charge report. Including energy storage in the three-year plans would meet this need.

In summary, the EEAC and the PAs should work to include robust commercial and residential energy storage offerings in the next round of draft three-year plans. Devoting significant levels of resources to this important new technology stands to drive immense energy, economic, and environmental value for residents and businesses of the Commonwealth.

Sincerely,



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